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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

-----X	
In re	:
	:
	Chapter 11
SEARS HOLDINGS CORPORATION, et al.,	:
	:
	Case No. 18-23538 (RDD)
	:
Debtors.¹	:
	(Jointly Administered)
-----X	

**FIRST SUPPLEMENTAL DECLARATION
AND DISCLOSURE STATEMENT OF RAY C. SCHROCK, P.C. ON
BEHALF OF WEIL, GOTSHAL & MANGES LLP PURSUANT TO
11 U.S.C. §§ 327, 329, AND 504 AND FED. R. BANKR. P. 2014(a) AND 2016(b)**

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are as follows: Sears Holdings Corporation (0798); Kmart Holding Corporation (3116); Kmart Operations LLC (6546); Sears Operations LLC (4331); Sears, Roebuck and Co. (0680); ServiceLive Inc. (6774); SHC Licensed Business LLC (3718); A&E Factory Service, LLC (6695); A&E Home Delivery, LLC (0205); A&E Lawn & Garden, LLC (5028); A&E Signature Service, LLC (0204); FBA Holdings Inc. (6537); Innovel Solutions, Inc. (7180); Kmart Corporation (9500); MaxServ, Inc. (7626); Private Brands, Ltd. (4022); Sears Development Co. (6028); Sears Holdings Management Corporation (2148); Sears Home & Business Franchises, Inc. (6742); Sears Home Improvement Products, Inc. (8591); Sears Insurance Services, L.L.C. (7182); Sears Procurement Services, Inc. (2859); Sears Protection Company (1250); Sears Protection Company (PR) Inc. (4861); Sears Roebuck Acceptance Corp. (0535); Sears, Roebuck de Puerto Rico, Inc. (3626); SYW Relay LLC (1870); Wally Labs LLC (None); SHC Promotions LLC (9626); Big Beaver of Florida Development, LLC (None); California Builder Appliances, Inc. (6327); Florida Builder Appliances, Inc. (9133); KBL Holding Inc. (1295); KLC, Inc. (0839); Kmart of Michigan, Inc. (1696); Kmart of Washington LLC (8898); Kmart Stores of Illinois LLC (8897); Kmart Stores of Texas LLC (8915); MyGofer LLC (5531); Sears Brands Business Unit Corporation (4658); Sears Holdings Publishing Company, LLC. (5554); Sears Protection Company (Florida), L.L.C. (4239); SHC Desert Springs, LLC (None); SOE, Inc.

Pursuant to 28 U.S.C. § 1746, I, Ray C. Schrock, P.C. hereby declare as follows:

1. I am a member of the firm of Weil, Gotshal & Manges LLP (“**Weil**” or the “**Firm**”), an international law firm with principal offices at 767 Fifth Avenue, New York, New York 10153 and regional offices in Washington, D.C.; Houston and Dallas, Texas; Miami, Florida; Boston, Massachusetts; Princeton, New Jersey; and Silicon Valley, California; and foreign offices in London, United Kingdom; Warsaw, Poland; Frankfurt and Munich, Germany; Prague, Czech Republic; Paris, France; as well as Beijing, Hong Kong, and Shanghai, China.

2. I submit this declaration (this “**Declaration**”) as a supplement to my declaration, dated October 26, 2018 (the “**Original Declaration**”),² filed in support of the *Application of Debtors for Authority to Retain and Employ Weil, Gotshal & Manges LLP as Attorneys for the Debtors Nunc Pro Tunc to the Commencement Date*. (ECF No. 344) (the “**Weil Retention Application**”).

3. This Declaration has been prepared in accordance with paragraph 16 of the Original Declaration, which provides that Weil will supplement the disclosures in the Original Declaration to the extent required as a result of any new material relevant facts or relationships becoming available during these chapter 11 cases.

4. Pursuant to the *Modified Order Authorizing the Retention and Employment of Weil, Gotshal & Manges LLP as Attorneys for the Debtors Nunc Pro Tunc to the Commencement Date* (ECF No. 691) (the “**Weil Retention Order**”), Weil has been authorized, among other things, to advise the Debtors with respect to the Debtors’ non-debtors subsidiaries.

(9616); StarWest, LLC (5379); STI Merchandising, Inc. (0188); Troy Coolidge No. 13, LLC (None); BlueLight.com, Inc. (7034); Sears Brands, L.L.C. (4664); Sears Buying Services, Inc. (6533); Kmart.com LLC (9022); and Sears Brands Management Corporation (5365). The location of the Debtors’ corporate headquarters is 3333 Beverly Road, Hoffman Estates, Illinois 60179.

² Capitalized terms used but not defined herein shall have the meanings set forth in the Original Declaration.

In accordance with the Weil Retention Order, since the Commencement Date, Weil has advised certain indirect non-debtor subsidiaries of the Debtors—specifically, SRC O.P. LLC, SRC Facilities LLC and SRC Real Estate (TX), LLC (collectively, the “**Sparrow Entities**”).

A. Resignation as Counsel to the Sparrow Entities.

5. The Sparrow Entities are borrowers under that certain Credit Agreement, by and among each of the Sparrow Entities and UBS AG, Stamford Branch (“**UBS**”) as administrative agent, dated as of March 14, 2018 (as amended from time to time, the “**Sparrow Term Loan Credit Agreement**”). On or around November 13, 2018, the Debtors were advised that JPP, LLC and JPP II, LLC, each an entity affiliated with ESL Investments, Inc., purchased from UBS 100% of UBS’s interests in the loans subject to the Sparrow Term Loan Credit Agreement (the “**Sparrow Term Loan**”). On or around the same date, UBS resigned as an administrative agent under the Sparrow Term Loan Credit Agreement.

6. In addition, SRC Sparrow 2 LLC (“**Sparrow 2**”), a direct parent of SRC O.P. LLC and an indirect parent of the other two Sparrow Entities, is the borrower under that certain Mezzanine Loan Agreement, dated as of March 14, 2018, under which JPP, LLC and JPP II, LLC are lenders. In addition, Sparrow 2 and JPP, LLC and JPP II, LLC are parties to that certain Pledge and Security Agreement in favor of JPP, LLC as administrative agent under the Mezzanine Loan Agreement (the “**Pledge Agreement**”), pursuant to which Sparrow 2 pledged 100% of membership interests in its direct subsidiary SRC O.P. LLC. On or around November 13, 2018, JPP, LLC exercised its voting rights under the Pledge Agreement and removed all employees of the Debtors from their positions as directors and officers of the Sparrow Entities and

changed the number of directors for each Sparrow Entity from five (5) to four (4). JPP, LLC also appointed Emanuel R. Pearlman and Scott D. Vogel as directors of each Sparrow Entity.

7. Furthermore, the Debtors Sears, Roebuck and Co. and Kmart Corporation as lessees, and each of the Sparrow Entities as lessors, are parties to that certain Amended and Restated Master Lease Agreement, dated as of March 14, 2018 (the “**Sparrow Master Lease**”), pursuant to which the two Debtors are obligated to make rent payments to the Sparrow Entities. The Sparrow Master Lease includes approximately 110 properties owned by the Sparrow Entities.

8. In light of the foregoing, there is presently a potential divergence of interests between the Sparrow Entities and the Debtors in their chapter 11 cases. Accordingly, to avoid appearance of any impropriety, Weil has resigned as counsel for the Sparrow Entities effective December 17, 2018 and will continue to represent only the Debtors and subsidiaries of the Debtors other than the Sparrow Entities. However, if the Sparrow Entities later decide to commence chapter 11 cases, there may no longer be such potential divergence of interests.

B. Supplemental Disclosure Regarding Current and Former Clients.

9. In addition, Weil has continued to implement the Firm Disclosure Procedures and update the Retention Checklist (as amended, attached hereto as **Annex 1**, the “**Supplemental Retention Checklist**”) and the Client Match List accordingly. Either I or an attorney under my supervision has reviewed the connections between Weil and the clients identified on the Client Match List and the connections between those entities and the Debtors. In each case, it has been determined that Weil does not hold or represent an interest that is adverse to the interests of the Debtors’ estates and that Weil is a “disinterested person” as such term is defined in section 101(14) of the Bankruptcy Code, as modified by section 1107(b) of the Bankruptcy Code.

10. Weil previously has represented, currently represents, and may represent in the future the entities described below (or their affiliates) in matters unrelated to the Debtors' chapter 11 cases. The supplemental disclosure list, attached as **Annex 2** hereto (the "**Supplemental Disclosure List**"), is the product of implementing the Firm Disclosure Procedures since filing the Original Declaration. The Supplemental Disclosure List contains entities that have not been previously disclosed as well as entities previously disclosed but whose described relationship to the Debtors has been supplemented. An entity is listed as a "**Current Client**" on the Supplemental Disclosure List if Weil has any open matters for such entity or a known affiliate of such entity and attorney time charges have been recorded on any such matters within the past two (2) years. An entity is listed as a "**Former Client**" in the Supplemental Disclosure List if Weil represented such entity or a known affiliate of such entity within the past two (2) years based on recorded attorney time charges on a matter, but all matters for such entity or any known affiliate of such entity have been formally closed. Except as described below, Weil has not represented, does not represent, and will not represent any of such entities in matters directly related to the Debtors or these chapter 11 cases.

11. To the best of my knowledge and information, the annual fees for each of the last two years paid to Weil by any entity listed on **Annex 2** or its affiliates, did not exceed 1% of the Firm's annual gross revenue, except for Brookfield, Centerbridge Partners, General Electric, Lindsay Goldberg, and certain affiliates of Serta Simmons, LLC/Simmons Bedding Company, LLC. Weil has represented and continues to represent Brookfield, Centerbridge Partners, General Electric, Lindsay Goldberg, Serta, and certain of their respective affiliates in a variety of matters, all of which are unrelated to the Debtors or these chapter 11 cases.

12. To the extent any information disclosed herein requires amendment or modification upon Weil's completion of further review or as additional material, relevant facts or relationships becomes available, Weil will file a further supplemental declaration stating such amended or modified information.

I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge, information, and belief.

Executed this 2nd of January, 2019

/s/ Ray C. Schrock

Ray C. Schrock, P.C.
Member, Weil, Gotshal & Manges LLP

Annex 1

Supplemental Retention Checklist

- Debtors and Affiliates
- Debtors' Trade Names and Aliases (last 8 years)
- Banks
- Current and Former Officers and Directors (last 2 years) and Known Affiliations
- Customer Programs
- Debtors' Greater-than-5% Equity Ownership
- Employee Benefits
- Governmental
- Indentures
- Insurers and Insurance Brokers
- Landlords and Related Parties
- Lienholders
- Notice of Appearance Parties
- Other Parties in Interest and Known Professionals
- Parties to Litigation
- Potential Bidders
- Professionals Retained by the Debtors
- Secured Lenders
- Secured Notes
- Significant Competitors
- Supplemental Workforce Agencies
- Top 40 Unsecured Creditors
- Unions
- United States Trustee, Judges, and Court Contacts for the Southern District of New York (and Key Staff Members)
- Unsecured Creditors' Committee Members and Known Professionals
- Unsecured Notes
- Utilities
- Vendors

Annex 2

Supplemental Disclosure List

Supplemental Disclosure List

Matched Entity	Relationship to Debtors	Relationship to Weil
Abbott Laboratories	Litigation	Current Client
ACE American Insurance Company ("Chubb Company") ACE Fire Underwriters Insurance Company ("Chubb Company") ACE Property and Casualty Insurance Company ("Chubb Company") Illinois Union Insurance Company ("Chubb Company") Indemnity Insurance Company of North America ("Chubb Company") Westchester Fire Insurance Company ("Chubb Company") Westchester Surplus Lines Insurance Company ("Chubb Company")	Insurance	Current Client or its Affiliate or Subsidiary
ACE Insurance and/or Chubb Insured ACE American Insurance Company CHUBB – PRODS CHUBB	Litigation Party	Current Client or its Affiliate or Subsidiary
ADP	Litigation Party	Affiliate or Subsidiary of Current Client
AK Steel Corporation	Litigation Party	Current Client
Alameda County Water District	Taxing Authority	Related to Current Client
Alvarez & Marsal North America, LLC	Estate Professionals	Affiliate or Subsidiary of Current Client
Amazon Amazon.com Amazon.com Services, Inc.	Litigation Party Interested Party	Current Client

Matched Entity	Relationship to Debtors	Relationship to Weil
Anchorage Capital Group, L.L.C.	Interested Party	Current Client
Ares	Interested Party	Current Client
Arkema, Inc.	Litigation Party	Affiliate or Subsidiary of Current Client
ARKLA Chemical Corporation	Litigation	Affiliate or Subsidiary of Current Client
Assurant	Interested Party	Current Client
AT&T Corp.	Litigation Party	Affiliate or Subsidiary of Current Client
Bain Capital	Interested Party	Current Client
Barclays	Interested Party	Current Client
BASF Catalysts LCC	Litigation	Affiliate or Subsidiary of Current Client
Baupost	Interested Party	Current Client
Brigade Capital Management	Interested Party	Current Client
Brookfield	Interested Party	Current Client
Cardtronics USA, Inc.	Vendor	Affiliate or Subsidiary of Current Client
Carlyle	Interested Party	Current Client
CBS Corporation	Litigation Party	Current Client
Centerbridge Partners, L.P.	Interested Party	Current Client
CIII BAC MOF-5 Orchard Plaza, c/o Forb/o Farbman Group IV LLC	Taxing Authority-Related	Related to Current Client

Matched Entity	Relationship to Debtors	Relationship to Weil
Citibank, N.A. Citibank	Litigation Party	Current Client
City of Oakland	Taxing Authority	Related to Current Client
Cowen	Interested Party	Current Client
Credit Suisse	Interested Party	Current Client
CSAA Insurance Exchange CSAA Fire & Casualty Insurance Company CSAA Affinity Insurance Company (formerly known as Keystone Insurance Company)	Litigation Party	Affiliate or Subsidiary of Current Client
Daimler Trucks North America	Litigation Party	Affiliate or Subsidiary of Current Client
Delaware Division of Corporations Delaware Division of Revenue	Taxing Authorities	Affiliate or Subsidiary of Current Client
Deutsche Bank	Interested Party	Current Client
DFS Services, LLC	Notice of Appearance Party	Affiliate or Subsidiary of Current Client
Duff & Phelps, LLC	Notice of Appearance Party	Current Client
Earthbound LLC	Interested Party	Affiliate or Subsidiary of Current Client
Electrolux	Interested Party	Current Client
Enterprise Holdings, Inc.	Litigation	Current Client
Evercore Group LLC	Estate Professionals	Affiliate or Subsidiary of Current Client
Fortress Investment Group	Interested Party	Current Client
FTI Consulting, Inc.	Estate Professionals	Current Client
Garland City Tax Collector Garland ISD Tax Collector	Taxing Authority	Current Client

Matched Entity	Relationship to Debtors	Relationship to Weil
City of Garland, TX Garland ISD		
Gemini Management Company, LLC (In Receivership), c/o C-III Asset Management LLC	Landlord	Related to Current Client
General Electric Company	Litigation Party	Current Client
General Motors Corporation	Litigation Party	Current Client
Genuine Parts	Interested Party	Current Client
GFI-Glendale Investments, Ltd.	Litigation Party	Affiliate or Subsidiary of Current Client
GGP LP LLC, dba PDC - Eastridge Mall LLC	Landlord	Affiliate or Subsidiary of Current Client
GGP Staten Island Mall, LLC GGP - Maine Mall, LLC General Growth Properties, Inc. General Growth Mall General Growth Properties	Litigation Party	Affiliate or Subsidiary of Current Client
Great American	Interested Party	Current Client
H.I.G. Capital	Interested Party	Current Client
Hireright Solutions	Litigation Party	Affiliate or Subsidiary of Current Client
Home Depot Home Depot USA, Inc. Home Depot U.S.A., Inc. d/b/a The	Litigation Party Interested Party	Current Client

Matched Entity	Relationship to Debtors	Relationship to Weil
Home Depot		
Houlihan Lokey Capital, Inc.	Estate Professionals	Former Client
IAC	Interested Party	Current Client
Icon Health and Fitness, Inc. ICON Health and Fitness ICON Health & Fitness, Inc	Litigation Party	Current Client
JLL Valuation & Advisory Services, LLC	Estate Professionals	Affiliate or Subsidiary of Current Client
JLT Specialty Insurance Services	Insurance	Current Client
JPMCC 2007-LDP12 South Expressway 83, LLC, c/o ProEquity Asset Management Corp.	Landlord	Affiliate or Subsidiary of Current Client
KKR	Interested Party	Current Client
Lease Plan USA	Litigation Party	Current Client
Liberty Mutual Fire Insurance Company Liberty Insurance Corporation Liberty Insurance Company	Litigation Party	Affiliate or Subsidiary of Current Client
Lindsay Goldberg	Interested Party	Current Client
Macy's California Realty, LLC Macy's Retail Holdings, Inc. Macy's, Inc.	Litigation Party	Current Client
Mastercard	Interested Party	Current Client
Mophotrust	Taxing Authority-Related	Affiliate or Subsidiary Current Client
New York Department of Finance New York Liquor Authority New York Secretary of State	Taxing Authorities	Affiliate or Subsidiary of Current Client

Matched Entity	Relationship to Debtors	Relationship to Weil
New York State Liquor Authority New York State Sales Tax		
Och-Ziff Capital Investments, L.L.C. OZ Management LP Och-Ziff Capital Structure Arbitrage Master Fund, Ltd.	Interested Party	Affiliate or Subsidiary of Current Client
Omega Omega Advisors Inc.	Interested Party	Current Client
Pepsi Beverages Holdings, Inc.	Litigation Party	Affiliate or Subsidiary of Current Client
Platinum Equity	Interested Party	Current Client
Platinum Equity Advisors, LLC	Interested Party	Affiliate or Subsidiary of Current Client
Purdue Pharma	Litigation	Former Client
Rite Aid Pharmacy	Litigation	Related to Current Client
Samsung Electronics America, Inc. Samsung Electronic Co., Ltd., Samsung Information Systems America, Inc. Samsung Electronics, Inc.	Litigation Party	Current Client
Schindler Elevator Corporation	Litigation Party	Current Client
Schindler of Puerto Rico LLC	Litigation Party	Affiliate or Subsidiary Current Client
Sedgwick Insurers and Insurance Brokers Sedgwick Sedgwick Claims Management Services, Inc. Sedgwick Claims Management Services, Inc. aka Sedgwick CMS Sedgwick CMS	Insurance and Insurance Brokers Vendor Litigation Party	Affiliate or Subsidiary of Current Client

Matched Entity	Relationship to Debtors	Relationship to Weil
Sedgwick Claims Management		
Serta Simmons, LLC Simmons Bedding Company, LLC	Litigation Party	Affiliate or Subsidiary Current Client
Simon Property Group, Inc. Simon Property Group, L.P. Simon Management Associates, LLC Simon Property Group (Texas), L.P. Simon Property Group, L.P., dba Greenwood Park Mall, LLC SPG-FCM II LLC dba Stoneridge S&S, LLC, c/o Simon Property Group	Litigation Party Interested Party	Related to Former Client
Starwood Property Mortgage Sub 9-A. L.L.C. Starwood Property Mortgage, L.L.C.	Lienholders	Affiliate or Subsidiary Current Client
Starwood Retail Partners dba Louis Joliet Mall Starwood Capital Group, L.L.C Starwood Retail Partners, LLC	Litigation Party	Affiliate or Subsidiary of Current Client
Stephens Inc.	Interested Party	Current Client
Teamwork Investments, LLC	Litigation Party	Affiliate or Subsidiary of Current Client
The Jordan Company, L.P.	Interested Party	Current Client
Tiger	Interested Party	Related to Current Client
TowerBrook Capital Partners L.P.	Interested Party	Affiliate or Subsidiary of Current Client
TPG	Interested Party	Affiliate or Subsidiary of Current Client
Turner Broadcasting Sales, Inc.	Notice of Appearance Party	Affiliate or Subsidiary

Matched Entity	Relationship to Debtors	Relationship to Weil
		Current Client
UBS AG, Stamford Branch	Lienholders	Current Client
Verizon Capital Corp.	Notice of Appearance Party	Affiliate or Subsidiary Current Client
Visa	Interested Party	Current Client
Walmart Walmart Corporation Wal-Mart Stores East, LP Wal-Mart, ADP Wal-Mart Stores, Inc.	Interested Party Litigation Party	Current Client
Warburg Pincus	Interested Party	Current Client
Wells Fargo Bank, N.A.	Litigation Party	Current Client
Whirlpool Corporation	Litigation Party	Current Client
Whole Foods Market, IP, L.P. Whole Foods Market, IP	Litigation Party	Affiliate or Subsidiary of Current Client
Wilmington Trust Company Corporate Trust Administration	Landlord	Affiliate or Subsidiary Current Client